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STATE PASS TO USTR FOR DBELL
COMMERCE FOR EWEANT AND FDAVIDSON

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SUBJECT: ANTI-BOYCOTT TEAM WORKS WITH UAEG OFFICIALS

11. (U) Summary: On March 5, Department of Commerce Bureau of Industry and Security (BIS) officials Edward Weant and Fred Davidson, Department of State official Danielle Monosson, and Econoff met with Ministry of Economy (MOE) officials Undersecretary Abdullah Al-Saleh and Legal Advisor Issa Baddour to discuss the Arab League boycott of Israel. This was the third meeting between BIS and MOE officials to harmonize the legal requirements of both countries with respect to boycott issues. END SUMMARY.

12. (U) Over the last 18 months, the Commerce Department's Office of Antiboycott Compliance (OAC) has worked with the MOE to harmonize the legal requirements of both countries with respect to boycott issues. On March 5, OAC officials Edward Weant and Fred Davidson, Department of State official Danielle Monosson, and Econoff met with Ministry of Economy officials Under Secretary Abdullah Al-Saleh and Legal Advisor Issa Baddour to discuss the Arab League boycott. Both sides discussed language that would be used in commercial documents, such as letters of credit and contracts that would not violate U.S. Commerce antiboycott regulations and meet UAE import law requirements. Al-Saleh noted the UAEG's agreement with portions of the substitute language for commercial documents (for secondary and tertiary boycott-related terms) provided by the USG. He also said the MOE passed the substitute language to six UAE companies. The U/S noted that the numbers of boycott requests will likely increase because trade between the U.S and the UAE is increasing.

13. (SBU) Al Saleh stated that only five or six companies are problematic in generating boycott requests. However, the USG team provided the U/S with the names of thirteen companies in the UAE which generated boycott requests, reported to the OAC in the third quarter of 2006. The U/S assured the USG team that several of the listed companies have already changed their boycott request language, and he promised to follow up with those not already contacted by the MOE. Al Saleh also noted the UAEG cannot force private companies to use the Ministry of Economy's suggested boycott language, but would recommend that all companies follow the Ministry's suggestion.

14. (SBU) Issa Baddour, Ministry of Economy Legal Advisor, speculated the agreed substitute language will decrease the number of prohibited requests submitted by UAE companies. Al Saleh noted that MOE officials visited all UAE entities that

generated boycott requests in 2005 and explained the substitute language. OAC Director Edward Weant suggested the MOE appoint a UAEG point of contact that U.S. company representatives could contact if a problem with boycott language arises. This UAEG point of contact would work with the U.S. company, the UAE entity and the U.S. Embassy to resolve the issue. Al Saleh responded by assuring that if any UAE entity proposes boycott language, "the U.S. Embassy can contact Issa Baddour to resolve the matter with the UAE company."

¶5. (SBU) Al Saleh, Issa Badour, and the antiboycott team also discussed outstanding issues regarding mutually agreeable substitute language. Al Saleh said he will meet with the Central Bank to discuss the proposed changes, and his office will then contact the OAC.

¶6. (SBU) Comment: The UAEG continues to stress its commitment to eliminate secondary and tertiary boycott requests and has closely cooperated with the OAC to develop language that meets the legal requirements of both countries. This visit provided an important opportunity to give MOE officials more clarity on the Commerce regulations and to work toward finalizing an agreement on appropriate substitute language. The UAEG could address incidents of prohibited language from the private sector, if there were the political will to do so. The USG needs to maintain the momentum of addressing the Arab League boycott with the UAEG, including raising the matter during upcoming high-level bilateral meetings. End comment.

¶7. This cable has been cleared by the party.
SISON